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RETURNS EFFORT

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Classified By: Charge d'Affaires Patricia A. Butenis for reasons 1.4 (a)
) and (d)

I1. (C) Summary: The Government of Iraq's (GOI) efforts to support returns of internally displaced persons and refugees suffer from a chronic lack of coordination, capacity and resources. The GOI cut the Ministry of Displacement and Migration's (MODM) budget for benefits to the displaced by 80 percent, despite requests from MODM Minister Sultan and the Displaced Persons Committee at the Council of Representatives to increase funding. In 2008, 300,000 displaced Iraqis returned home and returns continue in 2009, largely as the result of security gains. While the GOI has provided some cash assistance to most registered IDP families since 2007, GOI assistance is reaching only small numbers of returnees. Some Iraqi leaders have begun to recognize the importance of inter-agency coordination and reconciliation in facilitating sustainable returns. The GOI will need much more effective leadership to support returns effectively. Continued security gains have opened space for international and non-governmental organizations to expand existing assistance and provide community-based assistance to foster conditions for return; strong U.S. Government support of these endeavors is essential. End summary.

MODM) LIMITED BUDGET, MANDATE AND EFFECTIVENESS

I2. (SBU) The MODM's provisional budget for 2009 is 70.9 billion Iraqi dinars (IQD) or USD 60.1 million (1USD=1,180 IQD). The MODM budget has three components: administrative (USD 11.9 million) covering salaries, overhead, etc.; capital (USD 5.8 million) covering housing and construction for staff and displaced persons; and social benefits (USD 42.4 million) covering disbursements to internally displaced persons and returnees. Compared to 2008, MODM's budget for social benefits, which constitute the lion's share of MODM expenditures, fell 80 percent, from USD 211.9 million (received through supplemental budget process) to USD 42.4 million. The USD 42.4 million allotted by the GOI for the social benefits in MODM's 2009 budget falls well short of the USD 254.2 million requested by the Ministry and the IDP/Refugee Committee at the Council of Representatives (COR).

I3. (C) In 2008, the GOI allocated MODM USD 211.9 million for cash stipends to IDPs displaced as a result of sectarian violence beginning in February 2006 and one-off payments to IDPs and refugees who returned to their homes and registered with the MODM. The funds also supported sporadic MODM efforts to transport small numbers of returning refugees from Cairo, Amman and Damascus. The MODM made 12,969 one-time payments of USD 847 to IDP and refugee returnee families and paid USD 466 stipends to IDP families (each registered IDP family was entitled to two such stipends during the period of their displacement). According to the MODM Director General for Administration and Finance, Taleb Asgar Dosa, from October

2008 to the end of the year, the Ministry had spent 182.2 of the 211.9 million USD allocated. In line with Iraqi budget practice, at the end of 2008 the Ministry of Finance did not rollover funds for expenditures in 2009, therefore the MODM did not receive the remaining USD 29.7 million from its 2008 budget. For 2009, MODM Minister Sultan had requested USD 254.2 million for social benefits. However, the GOI only authorized USD 42.4 million. We understand that the MODM continues paying return stipends payments to IDPs in 2009 who have not received the two payments. Its USD 42 million social benefit allocation would enable it to pay return grants to approximately 50,000 returnee families. This is well below the 100,000(150,000 IDP families the MODM projects will return in 2009. (Approximately 50,000 displaced families returned in 2008).

¶4. (SBU) The GOI budget is almost entirely reliant on oil revenues. For planning purposes the GOI had assumed an average oil price of USD 50 per barrel. In response to oil prices falling below USD 50, on March 05 the COR instructed the Council of Ministers to reduce its original budget request for USD 62.7 billion by seven percent to USD 58.5 billion. The Ministry of Finance (MOF) was tasked to revise the budget accordingly. It remains to be seen how the MOF will do this) as the MOF is currently in discussion with individual ministries to determine where USD 4.2 billion will come from.

COR SEES GOI LEADERSHIP AS INDIFFERENT) POLITICALLY
MOTIVATED TO DOWNPLAY SCOPE OF RETURNS

¶5. (C) The COR's Displaced Persons Committee had supported

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the MODM's request for increased funding and proposed an increase in the Ministry's administrative budget to permit hiring 500 new staff to raise total staffing to 1200. The Ministry of Finance denied both requests. COR Displaced Persons Committee member, Bassim Jassim Noor al Hassani, told Refco on March 23 that he viewed the GOI refusal to approve the MODM's budget request as indicative of the government's indifference to the plight of IDPs and refugees. Committee Chair Abdul Khalak Zangana and other COR leaders have repeatedly expressed similar views. (REFS A and B)
(Comment: GOI budget decisions are certainly also a result of the GOI's overall budget constraints and probably some lack of confidence in the MODM's capacity to execute a larger budget. End Comment.) Bassim viewed the GOI's principal interest in returns as a propaganda tool to demonstrate the Prime Minister's success regarding security, saying that the government intentionally downplays the true scope of displacement. The Displaced Persons Committee has continually sought greater resources for the MODM, but consistently failed to convince the GOI to finance them. The COR has proved more effective in cutting or restricting the GOI use of resources than in persuading the GOI to increase funding lines.

MODM LACKS AUTHORITY TO LEAD

¶6. (C) Even if one were to disregard the MODM's diminished budget for 2009, the Ministry still lacks the mandate to facilitate sustainable returns. Returns depend on numerous factors such as security, political accommodation, economic opportunity, housing and essential services. Creating conditions conducive for returns requires the participation of a wide range of actors: the Iraqi Security Forces (ISF) consisting of the Iraqi Army (IA), Iraqi Police (IP), and National Police (NP); the Sons of Iraq (SOI); MODM; line ministries; Neighborhood, District and Provincial Councils; the public and private sectors; as well as community and religious leaders. The MODM, as the GOI's lead for returns, simply does not have the capacity or the authority to pull all these players together and orchestrate their cooperation.

IFCNR/ISF KEY ON SECURITY; NO ROLE ON SERVICES AND INFRASTRUCTURE; INFLUENTIAL WITH PM

¶ 17. (C) IFCNR, the Implementation and Follow-up Committee for National Reconciliation has pulled the security actors together who have been the driving force behind securing Baghdad neighborhoods for returnees and enforcing private property rights through eviction of squatters from the homes of returnees. Implementation of Decree 262 and Order 101 in Baghdad (REF B) has been the most successful element of GOI returns policy. IFCNR Chairman Mohamed Salman told visiting UNHCR Middle East North Africa (MENA) Director Radhouane Nouicer March 24 that the GOI would soon begin implementing Decree 262 and Order 101 in Diyala province. IFCNR is also the key actor in GOI reconciliation efforts with former regime elements and Saddam era military officers, who comprise a small, but influential, component of the Sunni refugee community. Even as reconciliation efforts with former military officers have progressed, the GOI has yet to meet a key demand that would facilitate their return -- amending the pension law to equalize Saddam era pensions with current pensions and authorize pensions for below retirement age officers above the rank of lieutenant who are ineligible for reintegration into the ISF. Neither IFCNR nor the ISF coordinates the work of Iraq's line ministries and local governing bodies that have responsibility for public services or governing bodies that have responsibility for public services and infrastructure. To start addressing the distrust between the GOI and the refugee communities, visiting UNHCR MENA Director Nouicer urged Salman to persuade PM Maliki to insert statements into his speeches recognizing the refugees as valued citizens of Iraq and welcoming their return. Nouicer said this would be useful even if the GOI remained unwilling to assist Iraqi refugees abroad and to do more to facilitate returns. Salman agreed, but asked whether the PM should encourage Iraqis to return. Nouicer said that the PM's message would have more credibility and impact if it stuck to welcoming return. On March 25 and 26 respectively, MODM Minister Sultan and PM Advisor Sakek Rikabi told Nouicer that the GOI would stop pushing for large-scale refugee returns. Both acknowledged a lack of absorptive capacity and said returns should be voluntary and gradual.

DPM ADVISORS CALL FOR CLOSER GOI COORDINATION

¶ 18. (C) On March 24, Embassy Senior Coordinator for Refugees and IDPs reviewed the returns situation with Dr. Jaber al Jaber and three other advisors to (Sunni) Deputy Prime Minister Essawi. Jaber and Migration and Displaced Advisor, Kathan Taha Kalaf, commented that, beyond security, IDP and refugee returns did not hinge on any single issue, but rather

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on a sense of reconciliation and a mix of concerns that varied from district to district. They advocated a GOI general amnesty for most Baathists and pensions for former regime military officers as a first step to foster trust among the Sunni refugee population. Asked about implementation of the GOI pledge of re-employment rights for displaced civil servants, Jaber said it was all talk and no substance. People were not getting their jobs back and the 2009 budget would not permit ministries to establish significant numbers of new positions. They all viewed MODM's USD 847 payments as ineffective as a return incentive and insufficient to compensate people for the damages to their properties. If the MODM wants to use payments as a tool, it would need to increase them to USD 3000 or USD 4000 per family. Jaber and General Riyad cited Hurriya as a critical neighborhood for resolving displacement in Baghdad. While they noted some progress with returns of some 600 families, they commented that continued Jaysh al-Mahdi (JAM) influence and distrust between the ISF and Sunni returnees and former residents is keeping away several thousand families. (Note: We have heard reports of a few hundred Hurriya families selling their houses and moving elsewhere. A number of

Embassy contacts have told us that ISF corruption and rumors of corruption are breeding distrust. End note.) Jaber felt that the problems in Hurriya and other neighborhoods could only be resolved through more effective coordination among ISF, MODM, line ministries, Sunni clerics and community representatives. Asked how he would propose to address this coordination and leadership gap, Jaber said he would recommended that Deputy Prime Minister Essawi call a meeting with Baghdad Operations Center (BOC), IA and IP commanders, the MODM, line ministries, members of the COR and community leaders to plan a way forward. Asked if the U.S. would participate, Senior Coordinator for Refugees and IDPs replied we would do so in whatever way the GOI found useful.

BAGHDAD PROPERTY DAMAGE COMPENSATION HELPS SOME

¶9. (C) The Baghdad Governorate runs a program to assist returning families obtain financial assistance to repair structural damage to homes and businesses. Relief amounts are determined on a case by case basis and range from minor amounts to grants in the tens of thousands USD. The program, funded from the Provincial Council's resources, is intended for structural repairs only and does not cover costs to repair or replace furniture or other personal effects. In principle, the program addresses an important need for returning home and business owners, but in practice, the bureaucratic process has resulted in relatively few beneficiaries receiving compensation. With an incoming Provincial Council and budget constraints, the future of this program is not known. The Baghdad Governor and Provincial Council, like some other governorates, on an ad hoc basis, assist acute IDP situations and individual cases.

2009 RETURNS

¶10. (C) According to the International Organization of Migration, 300,000 displaced Iraqis returned in 2008. UNHCR projects 350,000 IDPs and 150,000 refugees could return in ¶2009. UNHCR estimates that 4,600 individuals (3,590 IDPs and 1,010 refugees) returned in January 2009. UNHCR attributed the low January return number to apprehension leading up to the January 31 Provincial Elections, as well as some cyclical issues such as family reluctance to move as exams in school begin. UNHCR also reports an up-tick of new refugee Qbegin. UNHCR also reports an up-tick of new refugee registrations in Syria, motivated by the need for medical care. Advisor to Deputy Prime Minister Essawi, Kathan Taha Kalaf, noted that business and medical treatment are criteria for Syrian visas and suggested that Iraqis may be citing medical treatment to gain entry into Syria.

¶11. (C) In February 2009, the MODM issued a Ministerial Order terminating new registration of IDPs. The Ministerial Order cites improvements in security and asserts that most families have returned to their homes as a basis for ending IDP registration. The Order also mentions that unregistered families have had more than a year to register. With the exception of localized flare ups, such as in Mosul and Diyala, new displacement has been relatively modest. However, humanitarian agencies have expressed concerns that the discontinuation of IDP registration will prevent significant numbers of unregistered IDPs from gaining access to benefits as eligibility is contingent on registration. The Order states that the MODM will concentrate on monitoring returns.

COMMENT

¶12. (C) Security gains have been the critical factor enabling IDPs and small numbers of refugees to return. Decree 262 and Order 101 implementation by the ISF in Baghdad has been the

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most successful element of GOI policy toward the displaced. GOI readiness to implement this policy in Diyala is a positive sign. GOI acknowledgment that refugee returns in

particular should be gradual and voluntary would appear to signal a realistic approach. The more partisan undercurrent, however, is that this stance may also reflect limited enthusiasm to accommodate a large number of Sunnis in need of assistance. MODM payments to IDPs and returnees and the Baghdad property damage compensation scheme are good programs in principle, but bureaucratic implementation and reported corruption have limited the number of beneficiaries and the real value of benefits. A major gap in the GOI programs for returnees is that they are available to IDPs and refugees returning to their own homes, and this primarily means property owners, who are not necessarily the most vulnerable among the displaced. Approximately 40 percent of Baghdad residents are renters and many displaced renters do not have homes to which they can return. To expedite aid to returnees, UNHCR and USAID/Office of Foreign Disaster Assistance (OFDA) provided MODM staffing to open a return assistance center in west Baghdad that is increasing the number of beneficiaries and helping them access legal aid and other forms of GOI assistance to which they may be eligible. UNHCR plans to open additional return assistance centers in Baghdad and other provinces to expand outreach and service to IDPs and returnees.

¶13. (C) Effective leadership and coordination on the civilian side has been absent, in part because the MODM lacks the mandate, authority, budget and capacity to address the full range of issues impacting displacement. Equally important factors have been the sectarian nature of Iraqi politics and the general lack of capacity across the GOI. Delivery of public services is poor for all Iraqis, not only the displaced. Establishing an inter-ministerial coordination mechanism within the GOI to support returns is long overdue. We will encourage both DPM Essawi and others to make this a priority and focus, in particular, on how to reach out to the refugees.

¶14. (C) Iraq's political evolution may also offer opportunities for improved efforts to address displacement. As new coalitions cross sectarian lines in the aftermath of January's provincial elections and as campaigning begins for January 2010 national elections, PM Maliki has been positioning himself as a national leader and has been reaching out to Sunni parties. But even as prospects for political accommodation grow and could offer opportunities for new approaches to addressing displacement, Iraq still faces the reality of a bleak budget picture, high unemployment, low private sector growth, a severe housing shortage, poor government services and a fragile security situation. With government resources and capacity as limited as they are, successful reintegration of large numbers of returnees will depend on increased international engagement. REF B laid out many of the challenges and called for doubling U.S. humanitarian assistance. REF C offered ideas on how to allocate those funds to markedly expand activity of UN agencies and NGOs, including new engagement by USAID and ITAO. We have a window of opportunity to help Iraq resolve its displacement crisis and we look forward to working with Washington to shape those approaches. End comment.

BUTENIS